

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
EA-10 FRB-03 INR-10 IO-13 NEA-10 NSAE-00 USIA-06
OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
OMB-01 SS-15 STR-07 NSC-05 L-03 /120 W
-----102660 141608Z /46
R 141502Z MAR 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 8597

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USOECD

DEPARTMENT FOR EUR/RPE

PASS TREASURY, FRB, CEA FOR SHAFER AND COWPS FOR
BOSWORTH

E.O. 11652: N/A
TAGS: OECD, ECON
SUBJECT: ECONOMIC POLICY COMMITTEE -- WORKING PARTY
4: PROPOSED MEETINGS AND WORK PROGRAM

REF: DOBELL LETTER OF 28 FEBRUARY

1. SECRETARIAT (REF LETTER) HAS INFORMED MEMBERS OF
EPC/WP-4 OF PROPOSED DATES FOR THE NEXT MEETING OF THE
WORKING PARTY, JUNE 29-30, AND HAS INDICATED THE
GENERAL LINES OF PAPERS THE SECRETARIAT IS PREPARING
FOR THIS MEETING. AS AGREED AT THE WP'S NOVEMBER
MEETING, THE SECRETARIAT IS CONTINUING ITS WORK ON
NON-WAGE LABOR COSTS AND HAS UNDERTAKEN A STUDY OF
WAGE STRUCTURE. PAPERS ON THESE TOPICS, AND A MAIN
ISSUES PAPER DRAWING ON THEM, WILL BE THE PRINCIPAL
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AGENDA ITEM FOR THE JUNE MEETING. THESE PAPERS WILL
THEN BE USED FOR THE WASHINGTON CONFERENCE ON COLLEC-
TIVE BARGAINING AND GOVERNMENT POLICIES TO BE HELD
JULY 10-13.

2. THE SECOND AGENDA ITEM WILL BE A PAPER ON MONETARY
TARGETRY AS IT IMPACTS ON INFLATION. THE ORIGINAL PLAN

TO HOLD A MONETARY POLICY EXPERTS ADVISORY GROUP MEETING
TO REVIEW THE PAPER BEFORE IT IS SUBMITTED TO WP-4
HAS BEEN SCRAPPED FOR SCHEDULING REASONS. THE PRESENT
PROPOSAL IS FOR THE WP TO RECEIVE THE PAPER FOR INFOR-
MATION AND ESTABLISH A SET OF PRINCIPAL QUESTIONS OR
ISSUES FOR THE MONETARY EXPERTS TO ADDRESS. THIS
GROUP WILL THEN MEET, PROBABLY JULY 4-5 (DATES WHICH
HAVE BEEN ESTABLISHED BY AN INFORMAL POLL OF INTENDED
INVITEES), AND WILL MAKE A THOROUGH REPORT ON "MONE-
TARY POLICY AND INFLATION" WITH SPECIAL EMPHASIS ON
INCOMES POLICY ASPECTS TO WP-4 IN THE FALL. ACCORDING
TO SECRETARIAT OFFICIALS, THE MEMBERS OF THE "ADVISORY
GROUP" WILL SERVE IN THEIR PERSONAL CAPACITY AS EXPERTS
AND WILL NOT REPRESENT GOVERNMENTS PER SE. AXILROD OF
FRB IS A PROPOSED MEMBER OF THE GROUP.

3. THE SECRETARIAT ALSO HOPES TO HAVE AVAILABLE
MATERIALS PERMITTING ANOTHER REVIEW BY THE WORKING
PARTY OF INVESTMENT ACTIVITY AND POTENTIAL BOTTLENECK

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PROBLEMS IN AGRICULTURE, RAW MATERIALS SUPPLIES, AND
INDUSTRY WHICH MIGHT GIVE RISE TO CONCERNS ABOUT
POSSIBLE INFLATIONARY PRESSURES ARISING DURING A
PROCESS OF ECONOMIC RECOVERY.

4. VARIOUS ALTERNATIVE SCHEDULES FOR WP-4 AND THE MONETARY GROUP WERE CONSIDERED BEFORE DECIDING ON THE PRESENT PROPOSAL. POSTPONING WP-4 MEETING TO LATE JULY RISKED LOSING POLICYLEVEL PARTICIPATION FROM EUROPE DUE TO HOLIDAYS, WHEREAS OTHER CONFLICTS PROHIBITED EARLIER JULY DATE. THE DESIRED GROUP OF MONETARY EXPERTS COULD NOT BE OBTAINED BEFORE EARLY JULY. THUS, THE COMPROMISE AND REVISION OF THE ORIGINALLY PROPOSED WORK PROGRAM. BASICALLY, PRESENT ARRANGEMENT WILL RESULT IN A MORE ELABORATE PAPER THAN ORIGINALLY FORESEEN ON MONETARY POLICY AND INFLATION FOR DISCUSSION AT THE FALL MEETING. IN ADDITION, IN THE FALL, THE WP-4 WOULD UNDERTAKE ONE OF ITS REGULAR REVIEWS OF INCOMES POLICIES, BUT IN THE CONTEXT OF A MORE COMPREHENSIVE SURVEY OF POSSIBLE IMPACTS ON INFLATION RESULTING FROM MONETARY AND FISCAL INSTRUMENTED OFFICIAL USE

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MENTS AS WELL AS OTHER MEASURES SUCH AS INCOMES POLICIES, 'SOCIAL CONTRACTS', OR VOLUNTARY GUIDELINES. SALZMAN

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